

J. J. (JACK) KORALESKI
EXECUTIVE VICE PRESIDENT
FINANCE

UNION PACIFIC RAILROAD COMPANY



1416 DODGE STREET
OMAHA, NEBRASKA 68179

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COMPLIANCE ASSURANCE
& ENFORCEMENT DIV.

Executive Director
EPA - Region VI
1445 Ross Ave., Suite 1200
Dallas, TX 75202-2733

March 31, 1998

Executive Director
EPA - Region VII
726 Minnesota Ave.
Kansas City, KS 66101

Executive Director
EPA - Region VIII
999 18th St., Suite 500
Denver, CO 80202-2466

Executive Director
EPA - Region IX
75 Hawthorne St.
San Francisco, CA 94105

Executive Director
EPA - Region X
1200 Sixth St.
Seattle, WA 98101

Dear Sir or Madam:

I am the chief financial officer of Union Pacific Railroad Company (UP), 1416 Dodge St., Omaha, NE 68179. Throughout 1997, Union Pacific Corporation finalized several legal consolidations which resulted (on February 1, 1998) in Union Pacific Railroad Company being the owner and operator of all assets previously owned by Union Pacific Railroad Company and Southern Pacific Transportation Company. This letter is in support of the use of the financial test to demonstrate financial responsibility for liability coverage and closure and post-closure care as specified in subpart H of 40 CFR parts 264 and 265.

The firm identified above is the owner or operator of the following facilities for which liability coverage for both sudden and nonsudden accidental occurrences is being demonstrated through the financial test specified in subpart H of 40 CFR parts 264 and 265:

Liquid Gold, EPA I.D. No. CAD 006913206, State Highway 17 & Central Avenue,
Richmond, California
Taylor Yard, EPA I.D. No. CAD 000628131, 2800 Kerr St., Los Angeles, California
90039
Sacramento Yard, EPA I.D. No. CAD 073772030, 401 "I" St. Sacramento, California
96814
Roseville Yard, EPA I.D. No. CAD 000628255, Church & Cedar Street, Roseville,
California 95678
Ekotek, EPA I.D. No. UTD 093119196, Salt Lake City, UT
Crystal Chemical Company, EPA I.D. No. TXD 990707010, Rogerdale Road, Houston,
Texas
Englewood Yard, EPA I.D. No. TXD 000820266, 4910 Liberty Road, Houston, Texas
77026-5263
Laramie Tie Treating Plant, EPA I.D. No. WYD 061112470, 221 Hodgeman, Laramie,
Wyoming 82070
Bunker Hill, EPA I.D. No. IDD 048340921, Kellogg, Idaho
Ogden Utah Railway Depot, Ogden, Utah
Sedalia Shops, EPA I.D. No. MOD 095046306, Sedalia Missouri
NOTE: No demonstration of financial assurance is necessary for the Pocatello, ID Sludge
Pit site; EPA I.D. No. IDD 055030852 pursuant to advice from Region X Office
of Regional Counsel.

The firm identified above guarantees, through the guarantee specified in subpart H of 40 CFR parts 264 and 265, liability coverage for both sudden and nonsudden accidental occurrences at the following:

DM&E Railroad Roundhouse, EPA I.D. SDD 180868317, 56 Dakota St., Huron, South
Dakota 57350

The firm identified above is engaged in the following substantial business relationship with the owner or operator - UPRR was the prior owner of the property, and receiving the following value in consideration of this guarantee - DM&E's participation in the remediation project.

1. The firm identified above owns or operates the following facilities for which financial assurance for closure or post-closure care or liability coverage is demonstrated through the financial test specified in subpart H of 40 CFR parts 264 and 265. The current closure and/or post-closure cost estimate covered by the test are shown for each facility:

Ekotek, EPA I.D. No. UTD 09119196, Salt Lake City, Utah, corrective action of
\$1,900,000 and post closure of \$300,000
Crystal Chemical Company, EPA I.D. No. TXD 990707010, Rogerdale Road, Houston,
Texas, corrective action of \$600,000 and post closure of \$2,400,000
Bunker Hill, EPA I.D. No. IDD 048340921, Kellogg, Idaho, post closure of \$250,000
Ogden Utah Railway Depot, Ogden, Utah, corrective action of \$1,250,000
Sedalia Shops, EPA I.D. No. MOD 095046306, Sedalia, Missouri, closure of \$600,000
and post closure of \$100,000

2. The firm identified above guarantees, through the guarantee specified in subpart H of 40 CFR parts 264 and 265, the closure and post-closure care or liability coverage of the following facilities owned or operated by the guaranteed party. The current cost estimates for closure or post-closure care so guaranteed are shown for each facility:

DM&E Railroad Roundhouse, EPA I.D. SDD 180868317, 56 Dakota St., Huron, South Dakota 57350, post closure of \$400,000.

3. In States where EPA is not administering the financial requirements of subpart H of 40 CFR parts 264 and 265, this firm is demonstrating financial assurance for the closure or post-closure care of the following facilities through the use of a test equivalent or substantially equivalent to the financial test specified in subpart H of 40 CFR parts 264 and 265. The current closure or post-closure cost estimates covered by such a test are shown for each facility:

Liquid Gold, EPA I.D. No. CAD 006913206, State Highway 17 & Central Avenue, Richmond, California, post closure of \$150,000

Taylor Yard, EPA I.D. No. CAD 000628131, 2800 Kerr St., Los Angeles, California 90039, corrective action of \$4,000,000 and post closure of \$1,000,000

Sacramento Yard, EPA I.D. No. CAD 073772030, 401 "I" St. Sacramento, California 96814, corrective action of \$11,300,000, closure of \$30,400,000, and post closure of \$16,200,000

Roseville Yard, EPA I.D. No. CAD 000628255, Church & Cedar Street, Roseville, California 95678, corrective action of \$6,000,000 and post closure of \$2,000,000

Englewood Yard, EPA I.D. No. TXD 000820266, 4910 Liberty Road, Houston, Texas 77026-5263, corrective action of \$1,000,000 and post closure of \$2,200,000

Laramie Tie Treating Plant, EPA I.D. No. WYD 061112470, 221 Hodgeman, Laramie, Wyoming 82070, corrective action of \$5,417,600, closure costs of \$958,056, and post closure costs of \$15,174,000

4. The firm identified above owns or operates the following hazardous waste management facilities for which financial assurance for closure or, if a disposal facility, post-closure care is not demonstrated either to EPA or a State through the financial test or any other financial assurance mechanisms specified in subpart H of 40 CFR parts 264 and 265 or equivalent or substantially equivalent State mechanisms. The current closure and/or post-closure cost estimates not covered by such financial assurance are shown for each facility: NONE.

5. The firm is the owner or operator or guarantor of the following UIC facilities for which financial assurance for plugging and abandonment is required under part 144 and is assured through a financial test. The current closure cost estimates as required by 40 CFR 144.62 are shown for each facility: NONE.

This firm is required to file a Form 10K with the Securities and Exchange Commission (SEC) for the latest fiscal year.


The fiscal year of this firm ends on December 31. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year, ended December 31, 1997.

Alternative II


1. Sum of current closure and post-closure cost estimates (total of all cost estimates listed above) \$103,599,656
2. Amount of annual aggregate liability coverage to be demonstrated \$8,000,000
3. Sum of lines 1 and 2 \$111,599,656
4. Current bond rating of most recent issuance and name of rating service: Moodys (A1) & S&P (A) for 1997 Series A Pass Through Certificates
5. Date of issuance of bond: August 27, 1997
6. Date of maturity of bond: August 27, 2017
- *7. Tangible net worth \$8,835,000,000
- *8. Total assets in the U.S. (required only if less than 90% of assets are located in the U.S.) \$ N/A
9. Is line 7 at least \$10 million? Yes
10. Is line 7 at least 6 times line 3? Yes
- *11. Are at least 90% of assets located in the U.S.? Yes If not, complete line 12.
12. Is line 8 at least 6 times line 3? N/A

I hereby certify that the wording of this letter is identical to the wording specified in 40 CFR 264.151(g) as such regulations were constituted on the date shown immediately below.

Sincerely,


John J. Koraleski
Executive Vice President - Finance
March 31, 1998




Notary